

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name BENTON TOWNSHIP	County EATON
Audit Date 6/30/05	Opinion Date 8/26/05	Date Accountant Report Submitted to State: 12/31/05	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

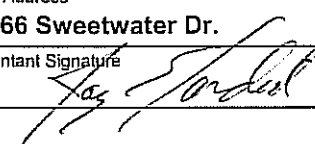
1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			✓
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) Cardinal Tepatti & Co., P.C.			
Street Address 11966 Sweetwater Dr.	City Grand Ledge	State MI	ZIP 48837
Accountant Signature 		Date 12/31/05	

BENTON TOWNSHIP
EATON COUNTY
AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2005

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INDEPENDENT AUDITOR'S REPORT

Honorable Board Members
Benton Township
Pottersville, MI 48876

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Benton Township, Pottersville, Michigan, as of and for the year ended June 30, 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Benton Township, management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Benton Township, Pottersville, Michigan, as of June 30, 2005, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 3 through 5 and 21 through 23, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Board of Directors
Benton Township

Our audit was conducted for the purpose of forming opinions of the financial statements that collectively comprise the Benton Township, Potterville, Michigan, basic financial statements. The introductory section is presented for purposes of additional analysis and is not a required part of the basic financial statements. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Carroll Tefatti & Co. P.C.

Grand Ledge, Michigan
August 26, 2005

**BENTON TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR YEAR ENDED JUNE 30, 2005**

The management of the Benton Township, ("the Township") offers this narrative overview and analysis of the financial activities of the Township for the year ended June 30, 2005 for the benefit of the readers of these financial statements. This management's discussion and analysis is intended to assist the reader in focusing on significant financial issues and to provide an overview of the Township's financial activity. We encourage readers to consider the information presented here in conjunction with the financial statements as a whole, which can be found in this report.

Financial Highlights

The assets of the Township exceeded its liabilities at the close of the year by \$1,020,151 (net assets). Of this amount, \$624,059 (unrestricted net assets) may be used to meet the Township's ongoing obligations to citizens and creditors.

The Township's total net assets decreased by \$53,685.

Overview of the Financial Statements

The Township's financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The report also contains other supplementary information in addition to the basic financial statements.

This report includes government-wide statements as required by GASB Statement Number 34. The government-wide financial statements are designed to provide a broad overview of the Township's financial position. The Statement of Net Assets and the Statement of Activities are two financial statements that report information about the Township as a whole, and provide measurements of long-term trends. They are presented using a method of accounting that is similar to a private-sector business.

The Statement of Net Assets presents information on all of the Township's assets and liabilities, the difference between the two being reported as the Net Assets of the Township. Over time, increases or decreases in net assets can serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The Statement of Activities gives the information on the revenues and expenses causing the underlying change in the government's net assets during the most recent year. All changes in net assets are reported as soon as the change occurs, regardless of the timing of related cash flows.

The government-wide financial statements can be found on pages 6 and 7 of this report.

Focus on Funds

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the Township are categorized as governmental funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide information to facilitate this comparison between governmental funds and governmental activities.

The general fund is the Township's only governmental fund. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance. The general fund is considered to be a major fund.

The Township adopts an annual appropriated budget for its general fund. Budgetary comparison statements have been provided for the general fund in the required supplementary information.

The basic governmental fund financial statements can be found on pages 8 and 10 of this report.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-side and fund financial statements. The notes to the financial statements can be found on pages 14 through 20 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Township's general fund budget on pages 21 and 23.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of government's financial position. In the case of the Township, assets exceeded liabilities by \$1,020,151 at the close of the most recent fiscal year.

A large portion of the Township's net assets (39 percent) reflects its investment in capital assets (e.g., Township land and buildings, furniture and fixtures, and equipment), less any related debt, none at year end, used to acquire those assets that are still outstanding. The Township uses these capital assets to provide services to citizens, consequently, these assets are not available for future spending.

Condensed Financial Information

The table below compares key financial information in condensed format:

	<u>6-30-05</u>
Current assets	\$ 650,600
Capital assets – net of depreciation	<u>396,092</u>
Total assets	1,046,692
Other liabilities	<u>26,541</u>
Net assets:	
Invested in capital assets, net of depreciation	396,092
Unrestricted	<u>624,059</u>
Total net assets	<u>\$ 1,020,151</u>
Revenue:	
Taxes	\$ 105,181
Inter-governmental	181,502
Investment earnings	12,572
Other	<u>10,822</u>
Total revenue	310,077
Expenses – Township services	<u>363,762</u>
Change in net assets	<u>\$ (53,685)</u>

Contacting the Township

This financial report is designed to provide the wide variety of users of this document with a general overview of the Township's finances and demonstrate the Township's accountability for the money entrusted to it. If you have any questions regarding this report or need additional financial information, please direct your requests to the Benton Township, 5136 Windsor Highway, Pottersville, Michigan 48876.

**BENTON TOWNSHIP
STATEMENT OF NET ASSETS
JUNE 30, 2005**

	<u>Governmental Activities</u>
ASSETS	
Cash and Cash Equivalents	\$ 184,520
Investments - Certificates of Deposit	435,826
Receivable from State	27,568
Prepaid Insurance	2,686
Capital Assets - Net	<u>396,092</u>
Total Assets	<u>1,046,692</u>
 LIABILITIES	
Accounts Payable	18,551
Accrued Expenses	<u>7,990</u>
Total Liabilities	<u>26,541</u>
 NET ASSETS (DEFICIT)	
Invested in Capital Assets	396,092
Unrestricted	<u>624,059</u>
Total Net Assets	<u>\$ 1,020,151</u>

The notes are an integral part of the statements.

**BENTON TOWNSHIP
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2005**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities
Governmental Activities:					
General Government	\$ 193,026	\$ 3,185	\$		\$ (189,841)
Public Safety	54,875				(54,875)
Public Works	110,982				(110,982)
Cultural and Recreation	4,880				(4,880)
Total Governmental Activities	\$ 363,763	\$ 3,185	\$ -0-	\$ -0-	\$ (360,578)
General Revenues:					
Property Taxes					105,181
State Shared Revenue					181,502
Interest Income					12,572
Franchise Fees					5,633
Miscellaneous					2,004
Total General Revenue					\$ 306,892
Change in Net Assets					\$ (53,686)
Net Assets (Deficit) - Beginning of Year					1,073,836
Net Assets (Deficit) - End of Year					\$ 1,020,150

The notes are an integral part of the statements.

**BENTON TOWNSHIP
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2005**

	<u>General Fund</u>
ASSETS	
Cash and Cash Equivalents	\$ 184,520
Investments - Certificates of Deposit	435,826
Receivable from State	<u>27,568</u>
Total Assets	<u>\$ 647,914</u>
 LIABILITIES AND FUND EQUITY	
Liabilities	
Accounts Payable	\$ 18,551
Accrued Expenses	<u>7,990</u>
Total Liabilities	<u>\$ 26,541</u>
Fund Balance	
Fund Balance - Unreserved	<u>621,373</u>
Total Fund Balance	<u>\$ 621,373</u>
 Total Liabilities and Fund Balance	 <u>\$ 647,914</u>

The notes to the financial statements are an integral part of this statement.

**BENTON TOWNSHIP
GOVERNMENTAL FUNDS
RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL
FUNDS TO STATEMENT OF NET ASSETS
JUNE 30, 2005**

Total fund balance -Total governmental funds	\$ 621,373
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the governmental fund financial statements.	520,583
Accumulated depreciation has not been included in the governmental fund financial statements.	(124,491)
Prepaid items are not available to pay current-period expenditures and, therefore, not reported in the funds.	<u>2,686</u>
Net assets of governmental activities	\$ <u><u>1,020,151</u></u>

The Notes to Financial Statements are an integral part of this statement.

**BENTON TOWNSHIP
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 2005**

	General Fund
REVENUES	
Taxes	\$ 105,181
Licenses and Permits	5,633
State Grants	181,502
Charges for Services	2,825
Interest and Rentals	12,572
Other Revenue	2,364
	<hr/>
Total Revenues	310,077
	<hr/>
EXPENDITURES	
Current:	
General Government	127,274
Public Safety	54,741
Public Works	110,982
Cultural and Recreation	4,880
Other	56,682
	<hr/>
Total Expenditures	354,559
	<hr/>
Excess of Revenues Over (Under)	
Expenditures	(44,482)
Fund Balance - July 1	665,854
	<hr/>
Fund Balance - June 30	\$ 621,372
	<hr/> <hr/>

The notes to the financial statements are an integral part of this statement.

**BENTON TOWNSHIP
GOVERNMENTAL FUNDS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE TO STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2005**

Net Change in Fund Balance - Total Governmental Funds	\$ (44,481)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation.

Capital asset purchases capitalized	6,757
Depreciation expense	(16,225)

Prepaid items reduce expenses reported in the statement of activities, but are reported as expenditures in the governmental funds because they require the use of current financial resources.

<u>264</u>

Change in Net Assets of Governmental Activities	\$ <u><u>(53,685)</u></u>
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The Notes to Financial Statements are an integral part of this statement.

**BENTON TOWNSHIP
FIDUCIARY FUNDS
STATEMENT OF NET ASSETS
JUNE 30, 2005**

	<u>Trust Fund</u>
	<u>Cemetery</u>
	<u>Perpetual</u>
	<u>Care</u>
ASSETS	
Cash and Cash Equivalents	\$ <u>38,343</u>
Total Assets	<u>38,343</u>
LIABILITIES	
Due to Other Governmental Units	<u> </u>
Total Liabilities	<u>-0-</u>
NET ASSETS	
Held in Trust for Cemetery Care	\$ <u><u>38,343</u></u>

The Notes to Financial Statements are an integral part of this statement.

**BENTON TOWNSHIP
FIDUCIARY FUNDS
STATEMENT OF CHANGE IN NET ASSETS
YEAR ENDED JUNE 30, 2005**

	<u>Trust Fund Cemetery Perpetual Care</u>
ADDITIONS	
Contributions:	
Cemetery Lot Sales	\$ <u>6,720</u>
Total Contributions	<u>6,720</u>
Investment Income:	
Interest	<u>128</u>
Net Investment Income	<u>128</u>
Total Additions	6,848
Change in Net Assets	
Net Assets - July 1, 2004	<u>31,495</u>
Net Assets - June 30, 2005	\$ <u><u>38,343</u></u>

The Notes to Financial Statements are an integral part of this statement.

BENTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Benton Township conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant policies used by Benton Township:

The Reporting Entity

Benton Township is governed by an elected five-member board. The accompanying financial statements, present only the funds and account groups of the Township. The Township has no oversight responsibility for any other governmental entity since no other entities are considered to be controlled by or dependent on the Township. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and appointment of the respective governing board. On this basis the financial statements of certain other governmental organizations listed below are not include in the financial statements of the Township.

This report does not include the financial statements of Potterville-Benton Township Fire Department and the Benton Township-Potterville District Library because of joint control and funding with the City of Potterville.

Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the Township as a whole excluding fiduciary activities. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, generally financed in whole or in part with fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the later are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**BENTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONT'D

Fund Financial Statements

The Township segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental activities. These statements present each major fund as a separate column on the fund financial statements.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current resources. The Township has presented the following major governmental funds:

General Fund – The general fund is the Township's primary operation fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Additionally, the Township reports the following fund type:

Fiduciary Funds – These funds are used to account for assets held in trust or as an agent for others. The Current Tax Collection Fund and Cemetery Perpetual Care Fund are the Township's only fiduciary funds.

Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgements are recorded only when payment is due.

**BENTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

Private-sector standard of accounting issued prior to December 1, 1989, are generally followed in the government-wide financial statements to the extent that those standards do not conflict with standards of the Governmental Accounting Standards Board.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Bank Deposits and Investments

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity date within three months or less when acquired.

Receivables and Payables

In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

Inventories and Prepaid Items

Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

**BENTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

Capital Assets

Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Interest incurred during construction of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Buildings	40 to 60 years
Building Improvements	15 to 30 years
Office Equipment	5 to 10 years
Computer Equipment	3 to 7 years

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Property Taxes

The Township property tax is levied on each December 1, on the State taxable valuation of property located in the Township as of the preceding December 31st.

Although the Township 2004 ad valorem tax is levied and collectible on December 31, 2004 it is the Township's policy to recognize revenue from this year's tax levy.

The 2004 State Equalized Valuation of the Township totaled \$97,570,100 and the State Taxable Valuation was \$73,195,100 on which ad valorem taxes levied consisted of .9287 mills and raising \$67,976 for Township operations. This amount is recognized in the General Fund financial statements as taxes receivable – current or as tax revenue.

**BENTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budget Policies

Annual budgets are adopted on a basis consistent with generally accepted accounting principles and State Law for the General Fund. All annual appropriations lapse at fiscal year end. Encumbrances are not employed.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the activity level. Expenditures in excess of amounts budgeted are a violation of Michigan Law. State law permits entities to amend their budgets during the year. There were no significant amendments during the year.

Excess of Expenditures Over Appropriations in Budgeted Funds – The Township did not have significant expenditure budget variances.

Fund Deficits – The Township had no accumulated fund balance deficits.

NOTE 3 - CASH

Michigan Compiled Laws, section 129.91, authorizes the Township to make deposits and invest in the accounts of the federally insured banks, credit unions, and savings and loan associations which have offices in Michigan. The Township is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; banker's acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The Township Board has designated six banks for deposit of Township funds. The investment policy adopted by the board in accordance with Public Act 196 of 197 has authorized investments in bank accounts and CDs, but not the remainder of State statutory Township as listed above.

The Township's deposits and investment policy are in accordance with statutory authority.

The Governmental Accounting Standards Board Statement No. 3 risk disclosures for the Townships cash deposits are as follows:

<u>Deposits</u>	<u>Carrying Amounts</u>
Insured (FDIC)	\$ 100,000
Uninsured and uncollateralized	<u>78,909</u>
Total	<u>\$ 178,909</u>

**BENTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS**

NOTE 3 – CASH – CON'T

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the Township or its agent in the Township's name;
2. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Township's name; and
3. Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the Township's name.

The Township's investments are certificates of deposit totaling \$435,825 which were classified by risk level as Category 1.

NOTE 4 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Due To/From Other Funds		
General Fund	Current Tax Collection	<u>\$ 5,611</u>

NOTE 5 – CAPITAL ASSETS

Capital asset activity of the Township for the current year was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	<u>\$ 34,452</u>	<u>\$ 850</u>	<u>\$ _____</u>	<u>\$ 35,302</u>
Subtotal	<u>\$ 34,452</u>	<u>\$ 850</u>	<u>\$ -0-</u>	<u>\$ 35,302</u>
Capital Assets Being Depreciated				
Buildings	\$388,398	\$ _____	\$ _____	\$ 388,398
Improvements Other Than Buildings	44,104			44,104
Machinery and Equipment	<u>46,872</u>	<u>4,057</u>	<u>_____</u>	<u>50,929</u>
Subtotal	<u>\$479,374</u>	<u>\$ 4,057</u>	<u>\$ -0-</u>	<u>\$483,431</u>
Less Accumulated Depreciation for				
Buildings	\$ 62,777	\$ 9,710	\$ _____	\$ 72,487
Improvements Other Than Buildings	10,201	2,940		13,141
Machinery and Equipment	<u>35,287</u>	<u>3,575</u>	<u>_____</u>	<u>38,862</u>
Subtotal	<u>\$108,265</u>	<u>\$ 16,225</u>	<u>\$ -0-</u>	<u>\$ 124,490</u>
Net Capital Assets Being Depreciated	<u>\$371,109</u>	<u>\$ <12,168></u>	<u>\$ -0-</u>	<u>\$ 358,941</u>
Governmental Activities Capital Total				
Capital Assets-Net of Depreciation	<u>\$ 405,561</u>	<u>\$ <12,168></u>	<u>\$ -0-</u>	<u>\$ 358,941</u>

BENTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

NOTE 5 – CAPITAL ASSETS – CON'T

Depreciation expense totaling \$16,225 was charges to the general government program in the statement of activities.

NOTE 6 – EMPLOYEE'S RETIREMENT SYSTEM – DEFINED CONTRIBUTION

On April 1, 1993, the Township started a defined contribution pension plan covering substantially all employees who choose to belong to the plan. This benefit is an insurance-type plan administered by plan trustees, "Benton Township Money Purchase Pension Plan", under provisions of Section 401(a) of the Internal Revenue Code.

A defined contribution pension plan provides pension benefits in a return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participants account, the returns earned on the investments of those contributions, and forfeitures of other participant's benefits that may be allocated to such participant's account. The plan requires the employer to contribute 12.4% of the participating employee's gross wages, with immediate vesting.

During the year, the Township's actual contributions amounted to \$7,607. The plan is funded through the Traveler's Insurance Company and had the following activity during the fiscal year ended June 30, 2005.

Balance – July 1, 2004	\$73,397
Contributions	7,607
Withdrawals	-0-
Gains (Losses) on Investments	<u>2,745</u>
Balance – June 30, 2005	<u>\$83,749</u>

NOTE 7 – RISK FINANCING

The Township is exposed to various risks of loss related to theft of, damage to, and distribution of assets; errors and omissions; and injuries to employees. The Township purchases insurance from independent third parties for claims relating to general liability, excess liability, auto liability, errors and omissions, physical damage (equipment, building and contents) and workers' compensation. Settlement amounts have not exceeded insurance coverage for the current or three prior years.

BENTON TOWNSHIP
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
YEAR ENDED JUNE 30, 2005

	Original Budget	Amended Budget	Actual	Variance With Amended Budget
REVENUES				
Taxes:				
Current Taxes	\$ 75,000	\$ 75,000	\$ 74,040	\$ (960)
Delinquent Taxes	2,500	2,500	3,457	957
Trailer Taxes	400	400	455	55
Administrative Fee	24,800	24,800	27,229	2,429
	<u>102,700</u>	<u>102,700</u>	<u>105,181</u>	<u>2,481</u>
Licenses and Permits:				
Cable TV Franchise Fees	6,000	6,000	5,633	(367)
State Grants:				
State Shared Revenue	175,000	175,000	181,502	6,502
Charges for Services:				
Burial Fees	2,000	2,000	2,825	825
Interest and Rentals	5,000	5,000	12,572	7,572
Other Revenue	<u>1,320</u>	<u>1,320</u>	<u>2,364</u>	<u>1,044</u>
Total Revenues	<u>292,020</u>	<u>292,020</u>	<u>310,077</u>	<u>18,058</u>
EXPENDITURES:				
Current:				
General Government:				
Township Board:				
Salaries	7,000	7,000	5,679	1,321
Travel	500	500	16	484
Conferences & Workshops	1,000	1,000	80	920
Miscellaneous	1,000	1,000	-0-	1,000
	<u>9,500</u>	<u>9,500</u>	<u>5,775</u>	<u>3,725</u>
Supervisor's Office:				
Salaries	21,000	21,000	21,333	(333)
Travel	500	500	305	195
Office Expense	700	700	702	(2)
Conferences & Workshops	1,200	1,200	927	273
	<u>23,400</u>	<u>23,400</u>	<u>23,267</u>	<u>133</u>
Elections:				
Salaries	4,000	4,000	2,493	1,507

The notes to the financial statements are an integral part of this statement.

BENTON TOWNSHIP
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
YEAR ENDED JUNE 30, 2005

	Original Budget	Amended Budget	Actual	Variance With Amended Budget
Supplies	<u>3,000</u>	<u>3,000</u>	<u>1,864</u>	<u>1,136</u>
	\$ <u>7,000</u>	\$ <u>7,000</u>	\$ <u>4,357</u>	\$ <u>2,643</u>
Clerk's Office:				
Salaries	\$ 19,100	\$ 19,100	\$ 18,683	\$ 417
Office Expense	500	500	201	299
Travel	500	500	419	81
Printing and Publications	2,000	2,000	1,770	230
Conferences & Workshops	1,000	1,000	662	338
Professional Services	8,500	10,500	9,744	756
Telephone	1,500	1,500	1,697	(197)
Warrenties-Contractx	3,000	3,000	3,628	(628)
Dues and Subscriptions	<u>3,000</u>	<u>3,000</u>	<u>2,309</u>	<u>691</u>
	<u>39,100</u>	<u>41,100</u>	<u>39,113</u>	<u>1,987</u>
Board of Review:				
Salaries	450	450	384	66
Office Expense	<u>200</u>	<u>200</u>	<u>110</u>	<u>90</u>
	<u>650</u>	<u>650</u>	<u>494</u>	<u>156</u>
Treasurer's Office:				
Salaries	18,300	18,300	18,683	-0-
Office Expense	1,000	1,000	987	13
Travel	500	500	113	387
Conferences and Workshops	<u>1,000</u>	<u>1,000</u>	<u>992</u>	<u>8</u>
	<u>20,800</u>	<u>20,800</u>	<u>20,775</u>	<u>408</u>
Township Hall:				
Repair & Maintenance	18,000	18,000	6,038	11,962
Supplies	2,500	2,500	1,003	1,497
Utilities	4,500	4,500	3,793	707
Capital Outlay	<u>102,000</u>	<u>104,000</u>	<u>8,786</u>	<u>95,214</u>
	<u>127,000</u>	<u>129,000</u>	<u>19,620</u>	<u>109,380</u>
Cemetery:				
Sexton	3,000	3,000	2,900	100
Lawn Care	10,500	10,500	9,984	516
Equipment & Maint.	3,500	3,500	751	2,749
Utilities	300	300	238	62
Capital Outlay	<u>5,000</u>	<u>5,000</u>	<u>-0-</u>	<u>5,000</u>
	<u>22,300</u>	<u>22,300</u>	<u>13,873</u>	<u>8,427</u>
Total General Government	\$ <u>249,750</u>	\$ <u>253,750</u>	\$ <u>127,274</u>	\$ <u>126,860</u>

The notes to the financial statements are an integral part of this statement.

BENTON TOWNSHIP
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
YEAR ENDED JUNE 30, 2005

	Original Budget	Amended Budget	Actual	Variance With Amended Budget
Public Safety:				
Fire Protection	\$ 65,400	\$ 65,400	\$ 52,097	\$ -0-
Planning Commission	2,425	3,075	2,644	431
	<u>67,825</u>	<u>68,475</u>	<u>54,741</u>	<u>431</u>
Public Works:				
Drain at large	3,500	4,000	3,955	45
Hwys., Streets & Bridges:				
Chloride for Roads	19,000	19,000	18,758	242
Road Improvements	100,000	100,000	88,269	11,731
	<u>122,500</u>	<u>123,000</u>	<u>110,982</u>	<u>12,018</u>
Cultural and Recreation:				
Recreation and Parks Department	6,000	6,000	4,880	1,120
	<u>6,000</u>	<u>6,000</u>	<u>4,880</u>	<u>1,120</u>
Other:				
Retirement	8,500	8,500	7,640	860
Social Security	1,300	1,300	1,109	191
Insurance	7,000	7,400	7,353	47
Miscellaneous	12,000	46,050	40,579	5,471
	<u>28,800</u>	<u>63,250</u>	<u>56,681</u>	<u>6,569</u>
Total Expenditures	<u>474,875</u>	<u>514,475</u>	<u>354,558</u>	<u>146,998</u>
Excess of Revenues Over (Under) Expenditures	(182,855)	(222,455)	(44,481)	165,055
Fund Balance - July 1, 2004	<u>665,854</u>	<u>665,854</u>	<u>665,854</u>	<u>-0-</u>
Fund Balance - June 30, 2005	<u>\$ 482,999</u>	<u>\$ 443,399</u>	<u>\$ 621,373</u>	<u>\$ 177,974</u>

The notes to the financial statements are an integral part of this statement.